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**CLAIRE HOUSE  
ST. MARY PARISH  
STATE OF LOUISIANA**

**FINANCIAL STATEMENTS  
For the Year Ended  
June 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/27/10

CLAIRE HOUSE  
ST. MARY PARISH  
STATE OF LOUISIANA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

## TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Government-Wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet	5
Reconciliation of Government Funds Balance Sheet to the Government-Wide Statement of Net Assets	6
Statement of Revenues, Expenditures, and Changes in Fund Balance	7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	8
Notes to the Financial Statements	9-15
Supplemental Information:	
Schedule of Insurance in Force	16
Required Supplemental Information:	
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards	18
Budgetary Comparison Schedule - General Fund	19
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <b><i>Governmental Auditing Standards</i></b> .	20-21

**TABLE OF CONTENTS**  
**(Continued)**

	<b><u>PAGE</u></b>
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with <b><i>OMB Circular A-133</i></b> .	22-23
Schedule of Findings and Questioned Costs	24

# ADAMS & JOHNSON

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Claire House  
St. Mary Parish, Louisiana  
1101 Southeast Blvd.  
Morgan City, LA 70380

We have audited the accompanying financial statements of the governmental activities of Claire House, a program of the St. Mary Parish Council, State of Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Claire House's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Claire House's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Claire House as of June 30, 2009 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2009 on our consideration of Claire House's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The budgetary comparison information on page 19, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Claire House's basic financial statements. The accompanying supplemental information as listed in the table of contents and the schedule of expenditures of federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated, in all material respects, in relation to the accompanying financial statements taken as a whole.



ADAMS & JOHNSON  
Certified Public Accountants

Patterson, LA  
December 18, 2009

**CLAIRE HOUSE  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	<u>General Fund</u>
<u>Assets</u>	
Petty Cash	\$ 200
Due from State of Louisiana	54,269
Due from St. Mary Parish Council	317,843
Capital asset, net of accumulated depreciation	<u>28,834</u>
Total Assets	<u>\$ 401,146</u>
 <u>Liabilities</u>	
Accounts Payable	\$ 8,842
Compensated Absences, Current	<u>10,987</u>
Total Liabilities	<u>\$ 19,829</u>
 <u>Net Assets</u>	
Investment in Capital Assets	\$ 28,834
Unrestricted	<u>352,483</u>
Total Net Assets	<u><u>\$ 381,317</u></u>

The accompanying notes are an integral part of these financial statements.

**CLAIRE HOUSE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>
Expenditures	
Health and Welfare	
Personal Services & Benefits	\$ 664,519
Travel	2,645
Operating Services	153,089
Supplies	23,113
Professional Services	4,055
Depreciation	<u>8,359</u>
Total Expenditures	\$ 855,780
 Program Revenues	
Federal Grants	\$ 795,533
Total Revenues	<u>795,533</u>
 Change in Net Assets	\$ (60,247)
Net Assets	
Beginning of the Year	<u>441,564</u>
End of the Year	<u><u>\$ 381,317</u></u>

The accompanying notes are an integral part of these financial statements.



**CLAIRE HOUSE  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2009**

	<u>General Fund</u>
<b><u>ASSETS</u></b>	
Petty Cash	\$ 200
Due from State of Louisiana	54,269
Due from St. Mary Parish Council	<u>317,843</u>
Total Assets	<u><u>\$ 372,312</u></u>
<b><u>LIABILITIES, EQUITY AND OTHER CREDITS</u></b>	
<b>Liabilities</b>	
Accounts Payable	\$ 8,842
Compensated Absences, Current	<u>10,987</u>
Total Liabilities	\$ 19,829
 Fund Balance	
Unreserved, Undesignated	<u>\$ 352,483</u>
Total Equity and Other Credits	<u>352,483</u>
Total Liabilities, Equity and Other Credits	<u><u>\$ 372,312</u></u>

The accompanying notes are an integral part of these financial statements.

**CLAIRE HOUSE  
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
JUNE 30, 2009**

Total Fund Balances - Governmental Funds (Page 5)	\$ 352,483
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The purchase of capital assets are reported as expenditures as they are incurred in the government funds. The Statement of Net Assets reports capital assets as an asset and these capital assets are depreciated over their estimated useful lives and are reflected as depreciation expense in the Statement of Activities.

Cost of Capital Assets at June 30, 2009	160,380
Less: Accumulated Depreciation as of June 30, 2009	<u>(131,546)</u>

Net Assets - Government - Wide Statement (Page 3)	<u><u>\$ 381,317</u></u>
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The accompanying notes are an integral part of these financial statements.

**CLAIRE HOUSE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>
Revenues	
Federal Grants	<u>\$ 795,533</u>
Total Revenues	\$ 795,533
Expenditures	
Health and Welfare	
Personal Services & Benefits	\$ 664,519
Travel	2,645
Operating Services	153,089
Supplies	23,113
Professional Services	4,055
Capital Outlay	<u>2,665</u>
Total Expenditures	<u>850,086</u>
Excess Revenues over Expenditures	\$ (54,553)
Fund Balance at Beginning of Year	<u>407,036</u>
Fund Balance at End of Year	<u><u>\$ 352,483</u></u>

The accompanying notes are an integral part of these financial statements.

**CLAIRE HOUSE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2009**

Net Change in fund balance - total governmental funds (Page 7) \$ (54,553)

Government funds report capital outlay as expenditures. 2,665

Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.

However, in the statement of activities the cost of assets are allocated over their useful lives and reported as depreciation expense. (8,359)

Changes in net assets of governmental activities (Page 4) \$ (60,247)

The accompanying notes are an integral part of these financial statements.

## **CLAIRE HOUSE**

### **Notes to the Financial Statements June 30, 2009**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

In January of 1995, the St. Mary Parish Council passed a resolution agreeing to participate in the operation of a long-term residential treatment facility for chemically addicted women and their children. The operations began on October 1, 1995 when they entered into an agreement with the State of Louisiana Department of Health and Hospitals to operate the Claire House Treatment Facility.

The financial statements of the Claire House have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Claire House's accounting policies are described below.

#### **A) REPORTING ENTITY**

GASB Statement No. 14, Governmental Reporting Entity, established criteria for determining which organizations should be included in a governmental financial reporting entity. The focal point for defining the financial reporting entity is the primary government. The Claire House is a program of the St. Mary Parish Council (primary government) and, as such, these financial reports should be included in the basic financial statements of the Council for the year ended December 31, 2009. The Claire House has followed GASB-14 guidance to determine that there are no financial statements of other organizations that should be combined with its statements to form a financial reporting entity. These financial statements include only the operations of the Claire House.

#### **B) CHANGE IN ACCOUNTING**

This financial statement has been prepared in conformity with GASB No. 34. In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Since this is a program audit of the St. Mary Parish Council, the management discussion and analysis is not required and is not provided with these financial statements.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **B) CHANGE IN ACCOUNTING (Continued)**

GASB Statement No. 34 creates new basic financial statements for reporting on the Claire House's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column in the fund financial statements.

### **C) BASIS OF PRESENTATION**

Claire House's financial statements consist of the government-wide statements on all activities and the governmental fund financial statements.

#### **Government-Wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of Claire House. The government-wide presentation focuses primarily on the sustainability of Claire House as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

#### **Fund Financial Statements:**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of statement GASB No. 34. The accounts of the Claire House are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the Claire House:

#### Governmental Fund Type

General Fund – The general fund accounts for all operations of the Claire House.

### **D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

#### **Government-Wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

#### **Fund Financial Statements:**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing resources) and decreases (expenditures and other financing uses) in current assets.

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligations long-term debt, if any, is recognized when due. Allocations of cost such as depreciation are not recognized in governmental funds.

### **E) USE OF ESTIMATES**

The preparation of the financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

### **F) BUDGET**

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted each year for the General Fund.

Integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments, if any.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **G) ENCUMBRANCE ACCOUNTING**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipts of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. No encumbrances were outstanding at year-end.

### **H) CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred.

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

#### **Government-Wide Financial Statements:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Depreciation of all exhaustible capital assets are recorded as a depreciation expense in the Statement of Activities, with accumulated depreciation reflected in the statement of Net Assets. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows

Leasehold improvements	20 - 40 years
Equipment	5 - 12 years
Furniture	5 - 7 years
Vehicles	5 years

#### **Fund Financial Statements:**

In the fund financial statements, capital assets used in government fund operation are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

### **I) COMPENSATED ABSENCES**

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences are allowed to accumulate from period to period if not used. The maximum amount of vacation days that can be carried over is 10 work days but only upon written approval by the Chief Administrative Officer and must be taken by the employee within 45 days. Sick leave shall be earned at the rate of one day per month up to 12 days per year. An employee cannot accrue more than 120 days of sick leave.



## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **I) COMPENSATED ABSENCES (Continued)**

Upon termination an employee is compensated for accumulated vacation time. Employees are not compensated for sick time unless termination is due to normal retirement. Normal retirement is when the employee meets the required qualifications to retire from the Parochial Retirement System. As of June 30, 2009 the employees of Claire House accumulated \$ 19,846 in accumulated non-vested sick pay, which is not reflected in the financial statements. This contingent liability will be recognized if and when the employees meet the normal retirement qualifications.

An accrual is made for the amount of compensation the employees will receive in the future based upon services performed in the current year for vacation time not used. The estimated \$10,986 in accumulated vacation pay is reflected in the government wide financial statement as compensated absences payable.

The following reflects the change in accumulated vacation pay:

Balance at June 30, 2008	\$ 6,033
Current year increase	<u>4,954</u>
Balance at June 30, 2009	<u><u>\$10,987</u></u>

## **NOTE 2 - DUE FROM THE STATE OF LOUISIANA**

As of June 30, 2009 the State of Louisiana owes Claire House \$54,269 as a result of their grant payment not yet received on their per diem June grant payment. This grant is based on a fee of \$85 per day for each adult and \$66 per day for each child, not to exceed a to annual maximum of 12,078 billable days or a total maximum of \$878,190.

## **NOTE 3 - DUE FROM THE ST. MARY PARISH COUNCIL**

The St. Mary Parish Council deposits all receipts and disburses all of Claire House's expenses out of the Parish Council's checking account. The amount due from the Parish Council is a result of the excess of Claire House's deposits over disbursements by \$317,843.

## **NOTE 4 - ECONOMIC DEPENDENCE**

Claire House currently receives 100% of its operating revenue through the federal agency, the Administration for Children and Families, Department of Health and Human Services. This grant is for temporary assistance for needy families. This grant is applied for on a year-to-year basis and Claire House is currently funded through June 30, 2010. With the loss of these revenues, which are year-to-year grant allocations, and not having any other grants to replace this loss, Claire House would not exist.

**NOTE 5 – CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Vehicles	\$ 98,876	\$ -	\$(13,184)	\$ 85,692
Furniture	28,599	-	-	28,599
Equipment	43,424	2,665	-	46,089
Total at historical cost	\$ 170,899	\$ 2,665	\$(13,184)	\$ 160,380
Less accumulated depreciation	(136,371)	(8,359)	13,184	(131,546)
Total capital assets, net	\$ 34,528	\$ (5,694)	\$ -	\$ 28,834

Depreciation for the year ended June 30, 2009 was \$8,359.

**NOTE 6 - PENSION PLAN**

All full-time employees of the Claire House are members of the Parochial Employees Retirement Systems of Louisiana, a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans. Plan A and Plan B, with separate assets and benefit provisions. All employees of Claire House are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Claire House funds are eligible to participate in the System. Under Plan A, employees can retire at or after 65 with at least 7 years of creditable service, 60 with at least 10 years of creditable service, at or after 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

#### **NOTE 6 - PENSION PLAN (Continued)**

On January 1, 2007 Act #584 of 2006 implements a new plan of benefits for new employees hired on or after January 1, 2007. Under the act, employees eligible for retirement can retire at or after age 67 with at least 7 years of creditable service, age 62 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service. These new employees are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. Final average salary is the employee's average salary over the 60 consecutive or joined months that produce the highest average.

Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

Covered employees are required by the State Legislature to contribute 9.5% of their gross salary to the plan. The Claire House was required by the same statute to contribute 12.25% in 2009 and 12.75% in 2008 of each employee's gross salary to the plan. The contribution requirements of plan members and Claire House are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the fiscal year. The Claire House's contribution to the System was \$51,013 for the year ended June 30, 2009.

#### **NOTE 7 - RELATED PARTIES**

The Claire House's operations are housed in a building owned by St. Mary Parish Hospital Service District No. 3 and this District is a component unit of the St. Mary Parish Council, therefore, all three are related parties. The Claire House paid the district rent of \$60,844 for the year ended June 30, 2009. This rental agreement is year-to-year on an annual basis, unless either party gives written notice to the other party of its intent not to renew beyond the then current annual term. Such notice shall be in writing. This agreement shall be subject to termination if the council shall cease to operate the Claire House, or if the funds to continue its operations are not provided by the federal grant.

As described in Note 3, the Council owes the Claire House for the Claire House's deposits out of the council's checking account in excess of the disbursements made for the benefit of the Claire House in the amount of \$317,843.

CLAIRE HOUSE

Schedule of Insurance in Force  
For the Year Ended June 30, 2009

(Unaudited)

<u>Insurer</u>	<u>Type of Insurance</u>	<u>Coverage</u>	<u>Expiration</u>
LA Parish Gov. Risk Mgt. Agency	Workers' Compensation By Each Accident By Disease Policy Limit By Disease Each Employee	 \$1,000,000 \$1,000,000 \$1,000,000	01-01-10
St. Paul Ins.	Vehicles General Aggregate Each Occurrence Deductible	 \$1,000,000 \$1,000,000 \$2,500	12-31-09
Colony Ins.	General Liability General Aggregate Each Occurrence Fire	 \$500,000 \$500,000 \$50,000	05-02-10

CLAIRE HOUSE

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2009

<u>FEDERAL GRANTOR/ PASS THROUGH GRANTOR NAME/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
--	------------------------	-------------------------------	---------------------

U.S. Department of Health and Human  
Services

Louisiana Supreme Court  
Drug Court Office

Temporary Assistance for Needy Families (TANF)	93.558	\$ 795,533	\$ 850,086
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Total expenditures of federal awards			\$ 850,086
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See accompanying notes to schedule of expenditures of federal awards.

## **CLAIRE HOUSE**

### **Notes to Schedule of Expenditures of Federal Awards June 30, 2009**

**Note 1:** The schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

**Note 2:** Claire House had one grant.

1) An outpatient grant from the Department of Health and Human Services which is a grant for temporary assistance for needy families CFDA # 93.558. This grant pass-through grantor is the Louisiana Supreme Court, which distributes the grant to Claire House for the outpatient drug treatment of the patients referred to Claire House by the St. Mary Parish Drug Court.

**CLAIRE HOUSE**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budget Original	Budget Amended	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Federal & State Grants	\$ 881,190	\$ 881,190	\$ 795,533	\$ (85,657)
Total Revenues				
Expenditures				
Health and Welfare				
Personal Services & Benefits	\$ 612,240	\$ 612,240	\$ 664,519	\$ (52,279)
Travel	9,000	9,000	2,645	6,355
Operating Services	202,640	201,140	153,089	48,051
Supplies	47,310	47,310	23,113	24,197
Professional Services	2,000	3,500	4,055	(555)
Capital Outlay	8,000	8,000	2,665	5,335
Total Expenditures	881,190	881,190	850,086	31,104
Excess Expenditures over Revenues	\$ -	\$ -	\$ (54,553)	\$ (54,553)
Fund Balance at Beginning of Year	407,036	407,036	407,036	407,036
Fund Balance at End of Year	\$ 407,036	\$ 407,036	\$ 352,483	\$ 352,483

# ADAMS & JOHNSON

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WILLIAM H. JOHNSON, III, C.P.A.

MEMBERS:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Claire House  
St. Mary Parish, Louisiana  
1101 Southeast Blvd.  
Morgan City, LA 70380

We have audited the financial statements of the governmental activities of Claire House, a program of the St. Mary Parish Council, State of Louisiana, as of and for the year ended June 30, 2009, which collectively comprise Claire House's basic financial statements and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Claire House's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Claire House's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Claire House's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Claire House's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Claire House's financial statements that is more than inconsequential will not be prevented or detected by the Claire House's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Claire House's internal control.

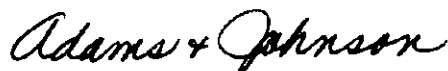


Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Claire House's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Claire House, the Legislative Auditor of the State of Louisiana, the finance committee of the St. Mary Parish Council, the Louisiana Supreme Court Drug Court Office, management and the federal awarding agencies. This restriction is not intended to limit the distribution of this report which, upon acceptance by Claire House is a matter of public record.



ADAMS & JOHNSON  
Certified Public Accountants

Patterson, LA  
December 18, 2009

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AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

Claire House  
St. Mary Parish, Louisiana  
1101 Southeast Blvd.  
Morgan City, LA 70380

### Compliance

We have audited the compliance of Claire House, a program of the St. Mary Parish Council, State of Louisiana, with the types of compliance requirements described in the *U.S. Office of Management (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Claire House's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Claire House's management. Our responsibility is to express an opinion on Claire House's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about Claire House's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Claire House's compliance with those requirements.

In our opinion, Claire House complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. The results of our auditing procedures did not disclose any instances of noncompliance with those requirements that are required to be reported in accordance with *OMB Circular A-133* in a schedule of findings and questioned costs if any existed.

### Internal Control Over Compliance

The management of Claire House is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Claire House's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Claire House's internal control over compliance

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that would be material weaknesses, as defined above.

This report is intended for the information of the Claire House, the Legislative Auditor of the State of Louisiana, the finance committee of the St. Mary Parish Council, the Louisiana Supreme Court Drug Court Office, management and the federal awarding agencies. This restriction is not intended to limit the distribution of this report which, upon acceptance by Claire House is a matter of public record.



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Patterson, LA  
December 18, 2009

**CLAIRE HOUSE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2009**

**SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expressed an unqualified opinion on the financial statements of Claire House.
2. No significant deficiencies relating to the audit of the financial statements are reported in the financial statements of Claire House.
3. No instances of noncompliance material to the financial statements of Claire House, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the independent auditors' report on compliance with requirements applicable to each major program and internal control over compliance in accordance with *OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award programs for Claire House expressed an unqualified opinion on all major federal programs.
6. There are no findings or questioned costs that are required to be reported in accordance with *Section 501(a) of OMB Circular A-133*.
7. The programs tested as majors programs included:
  - A) Temporary Assistance for Needy Families Grant. CFDA 93.558
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Claire House was determined to be a low-risk auditee.